
SECTION III – PEOPLE



People who are well led, well trained, and adequately compensated are the most important resource in our readiness equation. Quality of life and quality of work remain a primary focus for the Department. America's naval forces are combat-ready largely due to the dedication and motivation of individual Sailors, Marines, and civilians. The development and retention of quality people are vital to our continued success. The Department continues to focus on three fronts: recruiting the right people, retaining the right people, and reducing attrition. We continue to dedicate resources to those programs best suited to ensuring the proper combination of grade, skill, and experience in the force.

Military personnel FY 2005 budget estimates include a basic pay raise of 3.5%. Basic Allowance for Housing programs have been funded to reduce out-of-pocket expenses from 3.5% in FY 2004 to zero in FY 2005. We have funded various bonus programs to ensure success in meeting budgeted end strength levels. The Navy has budgeted for fewer end strength in FY 2005. All assigned missions can be accomplished with this level as a result of force structure changes, efficiencies gained through technology, altering the workforce mix, and new manning practices. Management of the resizing is challenging and may require additional force shaping tools. The Marine Corps end strength remains steady providing scalable and interoperable forces ensuring continued readiness.

Training our Sailors and Marines is critical to implementing transformation initiatives and to ensure optimum results. To accommodate the demand for this training in a more efficient manner, the Department is transitioning its training concepts and methods from the traditional schoolhouse classroom approach to processes that involve the use of simulators, trainers, computer-based interactive curriculums, and other approaches that are media based. Transformation initiatives are often the result of emerging technologies that permit the creation of a new type of military force and approach to warfare. Training individuals is critical to taking full advantage of advanced technologies.

MILITARY PERSONNEL

Active Navy Personnel

We have invested in recruiting, retaining, and training Navy personnel to create an environment that offers opportunity, promotes personal and professional growth, and provides the kind of workforce needed for the 21st century. With few exceptions, we achieved C-2 manning status for all deploying battle group units at least six months prior to deployment.

Recruiter Productivity (Active and Reserve)			
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
# of Recruiters	4,500	4,370	4,200
# of Recruits	41,465	41,200	41,556
# of Recruits per Recruiter	9	9	10
Size of DEP (Beginning of FY)	25,801	26,367	25,167

Recruiting remains strong. Recruiters have made goal for 16 straight months. The quality of our recruits is excellent, with 94% of our recruits being high school graduates in FY 2003 and a continued target of 94% for FY 2005. Nearly 6% of new recruits had some college education. Retention is also strong, as shown in Table 12.



Attrition is being reduced. We will increase the number of E-4 to E-9s (Top 6) from 73.2% in FY 2004 to 74.1% in FY 2005 to retain more of our experienced leaders and maintain advancement opportunities.

The budgeted Navy end strength reflects a commitment to "proper sizing" including:

- Fleet Response Plan transformation
- Decommissioning of older, manpower intensive platforms
- Improved training and employment processes (e.g., Navy/USMC TACAIR integration)
- More efficient infrastructure manning
- Increased reliance on technology to reduce shipboard manning and shorten training pipelines
- Conversion of military to civilian or contractor performance as appropriate, including continued conversion of some billets on Military Sealift Command (MSC) ships, shift of additional ships to MSC, and a substantial number of medical functions.

Sea Warrior is the Navy's initiative to develop 21st century Sailors. This initiative takes into account new platforms, technologies, and rotational crewing concepts that revolutionize crew sizing, and provides interactive web-based tools and training for personal and professional development and career management. Sea Warrior identifies the knowledge, skills, and

abilities needed for mission accomplishment; applies career-long training and education continuum; and employs a responsive, interactive career management system to ensure the right skills are in the right place at the right time.

Chart 8 and Table 12 provide summary personnel end strength, accessions, reenlistment, and attrition data for active Navy personnel.

Chart 8– Active Navy Personnel End Strength

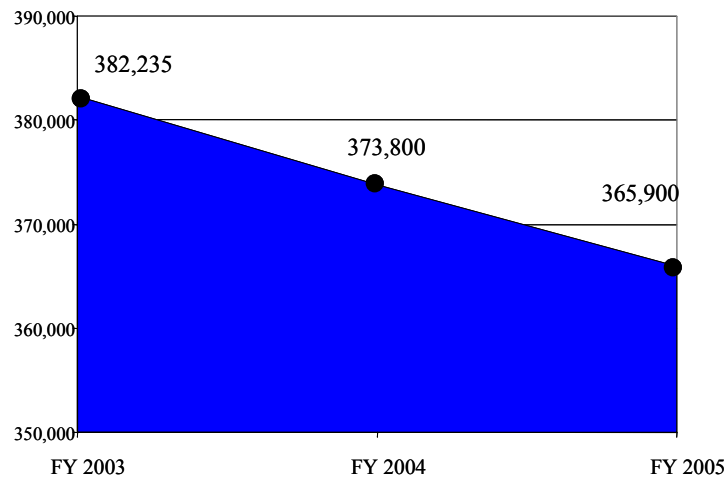


Table 12**Department of the Navy
Active Navy Personnel**

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Officers	55,022	53,608	52,870
Enlisted	322,915	316,192	309,030
Midshipmen	4,298	4,000	4,000
Total: End Strength	382,235	373,800	365,900
Enlisted Accessions	41,465	41,200	41,000
Percent High School Diploma Graduates	94%	94%	95%*
Percent above average Armed Forces Qualification Test	62%	67%	67%

Enlisted Reenlistment Rates				
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Steady State Goal</u>
Zone A (<6 years)	62%	56%	56%	57%
Zone B (6+ to 10 years)	77%	70%	70%	70%
Zone C (10+ to 14 years)	88%	85%	85%	90%

Enlisted Attrition			
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Zone A (<6 years)	7.9%	8.0%	8.0%
Zone B (6+ to 10 years)	1.9%	1.7%	1.7%
Zone C (10+ to 14 years)	1.3%	0.9%	0.9%

Reserve Navy Personnel

This budget supports reserve Navy personnel end strength of 83,400 in FY 2005, providing pay and allowances for drilling Navy reserve and full time support personnel.

This budget reflects the transfer of the two Naval Coastal Warfare squadrons from reserve to active, initiatives reducing seventy-six JROTC units, and a reduction of end strength based on efficiencies. Additionally, there are reductions in the inactive duty training and annual training participation rates for officers and enlisted to reflect historical data. We continue to dedicate resources to the Funeral Honors program and Inactive Duty for Training Travel based on increasing requirements. To meet Hospital Corpsman manning challenges the Navy Reserve continues the recruitment of non-prior service personnel.

Chart 9 and Table 13 provide summary personnel end strength, for reserve Navy personnel.

Chart 9 – Reserve Navy Personnel End Strength

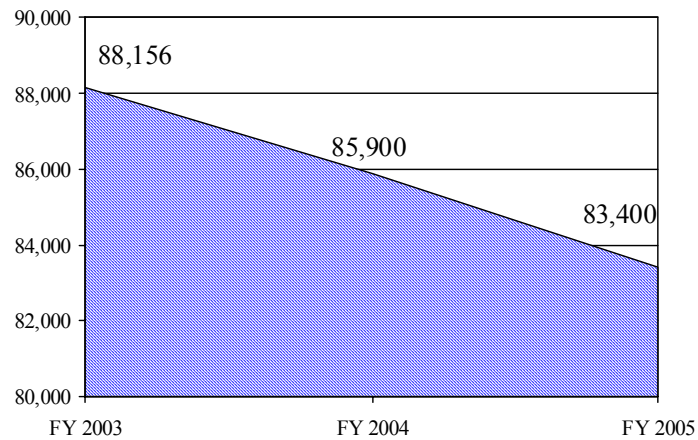


Table 13

**Department of the Navy
Reserve Navy Personnel**

	FY 2003	FY 2004	FY 2005
Drilling Reserve	73,578	71,516	69,248
Full Time Support	14,578	14,384	14,152
Total: End Strength	88,156	85,900	83,400

Also refer to Appendix A for more information:

Military Personnel, Navy
Reserve Personnel, Navy

Table

A-1
A-3

Active Marine Corps Personnel

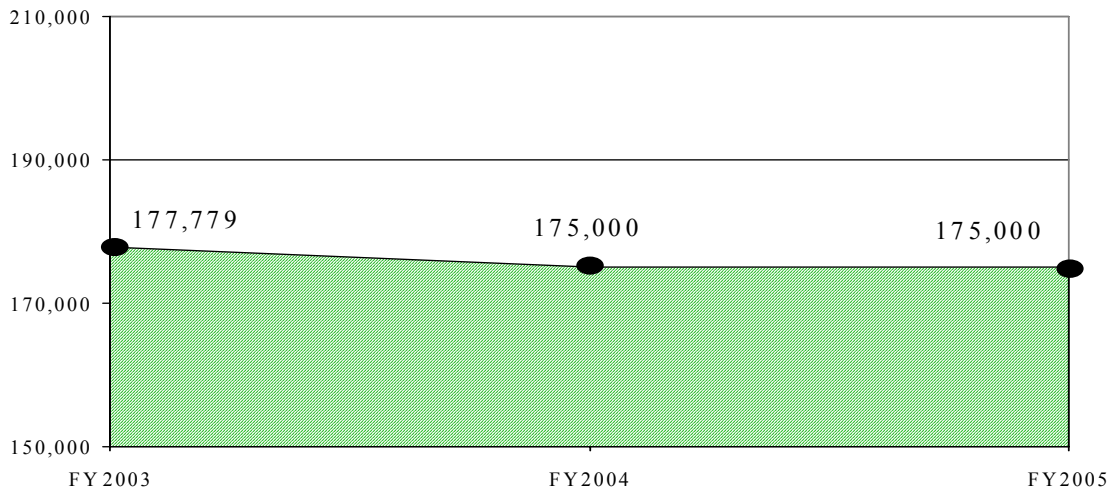
This budget supports an end strength of 175,000. The Marine Corps is realigning existing end strength to ensure continuing readiness and sustained combat capabilities. Because of increased demands, we are relying on Selected Marine Corps Reserve unit activations and individual augmentees as necessary to provide essential wartime capability. Approximately 1,300 military to civilian conversions allow the Marine Corps to return Marines who were required for use in supporting establishment billets to be reassigned to deployable forces, effectively increasing the number of “trigger pullers” with no increase in end strength.



The Marine Corps anticipates continued success in meeting recruiting and retention goals to maintain the planned force level. Additionally, this budget supports requirements for initial skill training, and follow-on training courses; provides for a martial arts program that provides combat skills for all members; and supports continued success in meeting recruit accession goals. This budget request also continues distance-learning program in effort to reduce the training pipeline, thereby increasing manning levels of the operating forces.

Recruiter Productivity (Active and Reserve)			
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
# of Recruiters	2,650	2,650	2,650
# of Recruits	43,050	39,394	41,307
# of Recruits per Recruiter	16	15	16

Chart 10 and Table 14 provide summary personnel end strength, accessions, and retention data for active Marine Corps personnel.

Chart 10 – Active Marine Corps Personnel End Strength**Table 14**

Department of the Navy
Active Marine Corps Personnel

	FY 2003	FY 2004	FY 2005
Officers	18,746	18,567	18,288
Enlisted	159,033	156,433	156,712
Total: End Strength	177,779	175,000	175,000
Enlisted Accessions	38,679	37,062	41,031
Percent High School Diploma Graduates	97%	97%	97%
Percent above average Armed Forces Qualification Test	69%	70%	70%
Reenlistments	13,893	14,511	15,200

<u>Enlisted Retention Rates</u>			
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Zone A (<6 years)	26.0%	26.0%	26.0%
Zone B (6+ to 10 years)	61.0%	61.0%	61.0%
Zone C (10+ to 14 years)	95.6%	95.6%	95.6%
			Steady State Goal
			26.0%
			61.0%
			95.6%



Reserve Marine Corps Personnel

The FY 2005 budget request supports a Marine Corps Reserve end strength of 39,600. This end strength ensures the availability of trained units augmenting and reinforcing the active forces, as well as providing manpower for a Marine Air Ground Task Force headquarters and Marine Forces Reserve. The budget provides pay and allowances for drilling reservists attached to specific units, Individual Mobilization Augmentees, personnel in the training pipeline, and full-time active Reserve personnel. Consistent with the active component, the Marine Corps funds bonus programs at levels required to meet recruiting and retention goals.

The Marine Corps continually reviews its reserve requirements to fully support the National Military Strategy. The Department remains committed to reserve support enhancing and complementing the active force while maintaining unit readiness to meet crisis and security requirements.

Chart 11 and Table 15 provide summary personnel end strength for reserve Marine Corps personnel.

Chart 11 – Reserve Marine Corps Personnel End Strength

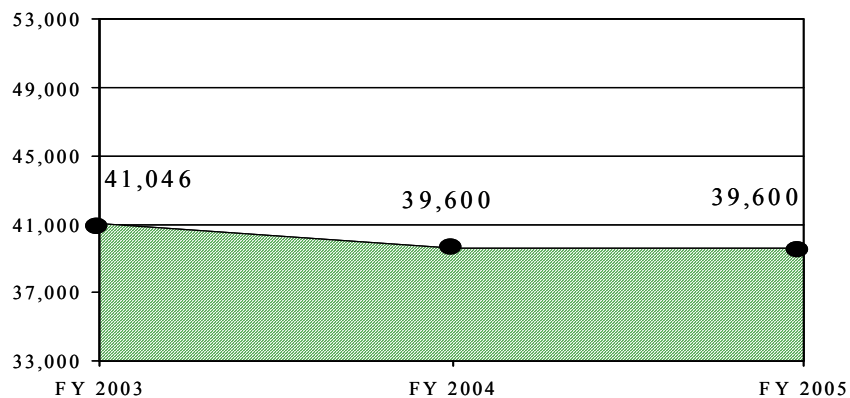


Table 15

Department of the Navy

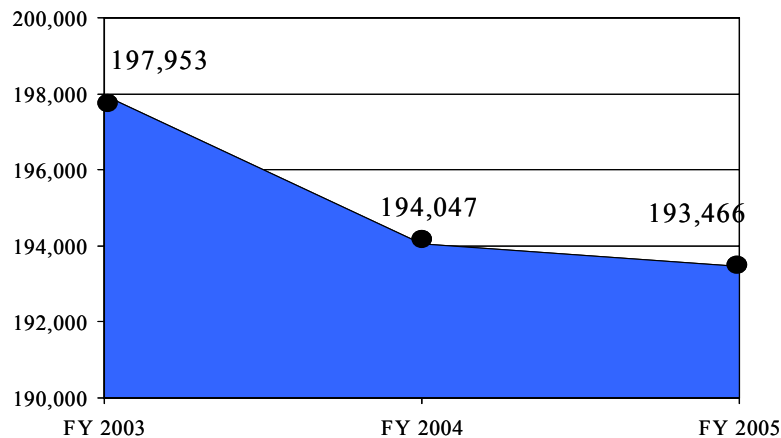
Reserve Marine Corps Personnel

	FY 2003	FY 2004	FY 2005
Drilling Reserve	38,790	37,339	37,339
Full Time Support	2,256	2,261	2,261
Total: End Strength	41,046	39,600	39,600

CIVILIAN PERSONNEL

A majority of the Department's civilian personnel are funded directly by operating appropriations and provide direct support at Navy and Marine Corps bases and stations; the engineering, development, acquisition, and life cycle support of weapon systems, as well as Navy Fleet/Marine Corps operations support. In addition, a significant portion of civilian personnel work at Navy Working Capital Fund activities supporting depot level maintenance and repair, development of enhanced warfighting capabilities at warfare centers, and direct fleet transportation, supply, and public works support.

Chart 12 – Civilian Personnel FTEs



Transforming the Workforce

National Security Personnel System (NSPS)

The FY 2004 National Defense Authorization Act authorized the Department of Defense (DoD) to establish a new human resources management system for the DoD civilians known as the National Security Personnel System (NSPS). This legislation enables the DoD to replace outdated and rigid civil service rules, and to recognize the critical role of our dedicated civilian workforce in the National security mission. NSPS will provide managers flexibility to place civilian workers where they are needed most, speeding up the hiring process, and introducing pay for performance bonuses. The NSPS system better utilizes the active duty force by making it easier to place civilian employees in jobs currently filled by uniformed military personnel. The

Department of the Navy has volunteered to be in the first wave of NSPS conversions during FY 2004.

Workforce Balancing

The Department continues its efforts to provide the most effective and efficient workload balance among its military, civilian, and supporting contractor components. As part of its on-going Strategic Sourcing program, the Department's budget reflects steady state savings in excess of \$1 billion by FY 2005. In particular, A-76 studies of over 30,000 civilian and military positions involving work that is commercial in nature have been completed or are currently underway, with the Department planning to study a total of over 63,000 positions by FY 2008. The Department has also emphasized the review of work currently performed by military personnel that is not "military essential" in nature and which could be performed by civilian or contractor personnel in a more efficient and cost effective manner. The Department's budget request reflects military to civilian conversions of over 3,000 Sailors and Marines in FY 2005.

Civilian Community Management

The Navy and Marine Corps have well-established career management and training programs in place for its uniformed members. The Department intends to leverage this expertise and where appropriate develop similar career programs for civilian personnel via the Civilian Community Management (CCM) program. CCM will include development of career paths covering a wide range of functions to support the integrated force concept.

The Department of the Navy continues to strive towards a leaner, more efficient organization so that it can best address its warfighting and recapitalization requirements. Chart 12 displays planned civilian personnel full-time equivalents and Table 16 displays total civilian personnel resources.

Table 16
Department of the Navy
Civilian Manpower
Full-time Equivalent

	FY 2003	FY 2004	FY 2005
Total — Department of the Navy	197,953	194,047	193,466
<u>Component</u>			
Departmental	9,708	9,612	9,618
Navy	170,324	167,712	166,480
Marine Corps	17,921	16,723	17,368
<u>By Type Of Hire</u>			
Direct	185,672	182,416	181,827
Indirect Hire, Foreign National	12,281	11,631	11,639
<u>By Appropriation</u>			
Operation and Maintenance, Navy	82,096	89,377	88,782
Operation and Maintenance, Navy Reserve	1,568	1,538	1,488
Operation and Maintenance, Marine Corps	16,381	15,040	15,846
Operation and Maintenance, Marine Corps Reserve	156	155	158
Total — Operation and Maintenance	100,201	106,110	106,274
 Total — Working Capital Funds*	 92,952	 82,862	 82,234
 Military Construction, Navy	 2,330	 2,347	 2,344
Research, Development, Test & Evaluation, Navy	1,337	1,369	1,364
Military Assistance	62	62	63
Family Housing (N/MC)	1,071	1,297	1,187
Total — Other	4,800	5,075	4,958
<u>Special Interest Areas</u>			
Fleet Activities	36,029	25,828	25,284
Shipyards*	19,247	11,474	11,396
Aviation Depots	10,789	10,989	11,062
Supply/Distribution/Logistics Centers	6,108	5,782	5,501
Warfare Centers	37,980	34,462	34,507
Engineering/Acquisition Commands	16,417	14,732	14,220
Medical	10,722	10,519	10,519
Installation Management	**	25,888	26,290

*Puget Sound Shipyard is mission funded in FY 2004 and FY 2005

**Installation Management devolved from other areas beginning in FY 2004

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